

RECIPROCAL TRADE

*Agreement, protocol of signature, and related notes signed at Washington May 6, 1936*¹

Proclaimed by the President of the United States May 16, 1936

Entered into force provisionally June 15, 1936

*Declared inoperative as of January 1, 1948, by agreement of October 30, 1947*² *for such time as the United States and France are both contracting parties to the General Agreement on Tariffs and Trade*³

*Terminated December 13, 1962*⁴

53 Stat. 2236; Executive Agreement Series 146

AGREEMENT

The President of the United States of America and the Government of the French Republic, being equally desirous of contributing to the establishment of a more liberal economic policy between the nations by the relaxation of restrictions on trade, taking into account the fact that there is no restriction either in the United States of America or in France upon the settlement of commercial obligations nor upon the circulation of capital and that there is stability in fact in the relation between their respective currencies, have decided to conclude an agreement for the betterment of their commercial relations and for that purpose have appointed their Plenipotentiaries as follows:

The President of the United States of America:

Cordell Hull, Secretary of State of the United States of America, and

The President of the French Republic:

André Lefebvre de la Boulaye, Ambassador Extraordinary and Plenipotentiary of the French Republic to the United States of America

who, after communicating to each other their respective full powers, found to be in good and due form, have agreed upon the following Articles:

¹ For schedules annexed to agreement, see 53 Stat. 2258 or p. 26 of EAS 146.

² TIAS 1704, *post*, p. 1224.

³ TIAS 1700, *ante*, vol. 4, p. 639.

⁴ Pursuant to notice of termination given by the United States June 13, 1962.

ARTICLE I ⁵

1. Natural or manufactured products originating in and coming from the United States of America or any of its territories or possessions, with the exception of those products which are enumerated and described in Section A of Schedule I ⁶ annexed to this Agreement, shall be subject, on their importation into the territory of the French Republic, to the lowest ordinary customs duties applicable to like products imported from any other foreign country.

The products enumerated and described in Section B of Schedule I shall be subject to the lowest ordinary customs duties applicable to like products imported from any other foreign country, within the limitation of the annual quotas specified in the said Section.

2. The benefit of the intermediate duties in force in the territory of the French Republic on the day of the application of this Agreement shall be maintained for the products originating in and coming from the United States of America, enumerated and described in Section A of Schedule I: provided, however, that the minimum rate of duty shall automatically apply to any of the said products if the minimum rate applicable to the like product of any foreign origin shall at any time be equal to or exceed the intermediate rate in force on the day of the application of this Agreement. The foregoing provision shall not be an obstacle to the modification of the tariff nomenclature. The provisions of this paragraph shall be applied to products originating in and coming from any of the territories or possessions of the United States of America.

3. With respect to all duties or taxes other than ordinary customs duties collected on importation, most-favored-nation treatment shall be accorded to all products of the United States of America or any of its territories or possessions imported into the territory of the French Republic.

With respect to the method of levying all duties or charges as well as with respect to all rules and formalities in connection with importation or exportation, to duties or charges imposed on exportation, to transit, warehousing, the transshipment of goods, as well as for official charges applicable to these various operations, most-favored-nation treatment shall likewise be accorded.

4. Dating from the application of this Agreement, products originating in and coming from the United States of America, enumerated and described in Section A of Schedule II, annexed to this Agreement, shall benefit on their importation into the territory of the French Republic, subject to the provisions of the following paragraph, from the specified tariff rates provided for in this Agreement.

5. If, with a view to protecting the essential economic and financial interests of the country, it should be considered necessary to increase the ordi-

⁵ For a further agreement relating to art. I, see protocol of signature, p. 1008.

⁶ See footnote 1.

nary customs duties provided for in paragraph 4 of this Article or those applicable in the territory of the French Republic on the day of the signature or application of this Agreement to any of the products enumerated and described in Section B of Schedule II and in Schedule III, annexed hereto, the French Government shall notify the Government of the United States of America in writing at least 15 days before putting into force any new duties of its intention to increase the ordinary customs duties affecting any of the said products. No such increase shall however, be made effective prior to the expiration of the first full calendar quarter after the application of this Agreement. Thereafter, and as long as this Agreement shall remain in force, no such increase shall be made except on the first day of a full calendar quarter. If, before the expiration of 30 days from the date on which such increase becomes effective, a satisfactory agreement has not been reached with respect to such compensatory modifications of this Agreement as may be deemed appropriate, the said Agreement shall terminate automatically in its entirety on the 30th day after the end of such period.

6. With respect to products enumerated and described in Schedules II and III, annexed hereto, no new or increased duties, fees or charges of any kind (other than ordinary customs duties) shall be imposed by the French Government on or in connection with importation which would have the effect of diminishing appreciably the value of any concession granted in this Agreement, unless such measures are required to be imposed by French legislation in force on the day of the signature of this Agreement.

ARTICLE II ⁷

1. Natural or manufactured products originating in the territory of the French Republic or any of its territories or possessions shall not be subject, on their importation into the United States of America, to duties or charges other or higher than those applied to like products originating in any other foreign country.

2. It is understood that, so long as and insofar as the law of the United States of America may otherwise require, the provisions of paragraph 1 of this Article, insofar as they would otherwise relate to duties, taxes, or charges on coal, coke manufactured therefrom, or coal or coke briquettes, shall not apply to such products imported into the United States of America.

3. With respect to the method of levying all duties or charges, with respect to all rules or formalities in connection with importation or exportation, with respect to duties or charges imposed on exportation, with respect to transit, warehousing, and the transshipment of goods as well as the governmental charges applicable to these various operations, all products originating in or destined for the territory of the French Republic or any of its colonies or possessions shall enjoy unconditional most-favored-nation treatment.

⁷ For an understanding relating to art. II, see first U.S. note, p. 1012.

4. Natural or manufactured products originating in the territory of the French Republic or any of its colonies or possessions, enumerated and described in Schedule IV annexed to this Agreement, shall not be subject on their importation into the United States of America to ordinary customs duties in excess of those set forth and provided for in the said Schedule. The said products shall also be exempt from all other duties, taxes, fees, charges or exactions, imposed on or in connection with importation, in excess of those imposed on the day of the signature of this Agreement or required to be imposed thereafter under laws of the United States of America in force on the day of the signature of this Agreement.

ARTICLE III

The provisions of this Agreement shall not prevent the Government of either country from imposing at any time on the importation of any product a charge equivalent to an internal tax imposed in respect of a like domestic product or in respect of a commodity from which the imported product has been manufactured or produced in whole or in part.

ARTICLE IV

The Government of the French Republic shall take the necessary measures in order that, on and after the date of application of this Agreement, the increases in rates of the import tax instituted by Article 32 of the Law of March 31, 1932, on semimanufactured products or articles and on manufactured products or articles, shall be suppressed with regard to goods originating in and coming from the United States of America.

ARTICLE V

The Government of the United States of America and the Government of the French Republic agree, as long as this Agreement remains in force, not to impose any quantitative restriction on the importation of any product, not now subject to such restriction, enumerated and described in Schedule IV and Schedule II, respectively, annexed hereto.

Nevertheless, quantitative restrictions may be applied by either Government to the importation of the aforesaid products if such restrictions are imposed in conjunction with governmental measures operating to regulate or control the production or prices of like domestic products.

However, the Government which proposes to establish or change such import restrictions shall give at least 30 days' advance notice to the other Government. If an arrangement regarding the proposed measures is not agreed upon before the expiration of such period such other Government may, within 15 days thereafter, terminate this Agreement in its entirety on 30 days' prior notice.

ARTICLE VI ⁸

Considering the fact that there does not exist in their reciprocal exchanges any restriction on the settlement of commercial obligations, and so long as this situation is maintained, each of the two Governments agrees upon the following provisions in the event that it should establish or maintain, in any form whatever, a quantitative restriction on or a regulation of the importation or sale of any product.

1. The French Government guarantees that, if measures of quantitative restriction or control of the importation or sale are or shall be established for any of the products of commercial interest to the United States of America, including those in Schedule III, annexed to the present Agreement, there shall be allotted to the United States of America, when these measures of quantitative restriction or control take the form of allocation among the various countries, a share of the total quantity or value of any such product permitted to be imported or sold during a specified period equivalent to the proportion of the total importation of such product from foreign countries which the United States of America supplied in a basic period prior to the imposition of any quantitative restriction on such product.

Furthermore, as concerns quotas which may be established after the date of application of this Agreement, the French Government agrees, in case there shall be no allocation by countries, to subject the importation to the formality of licenses. In the issuance of such licenses no condition shall be imposed which would be prejudicial to the importation of products of the United States of America and such products shall be placed in all respects upon a footing of complete equality of treatment with those originating in every other foreign country.

2. The Government of the United States of America guarantees that if measures of quantitative restriction or control of the importation or sale of any of the products of commercial interest to the French Republic are or shall be established, there shall be allotted to the French Republic, when these measures of quantitative restriction or control take the form of allocation among the various countries, a share of the total quantity or value of any such product permitted to be imported or sold during a specified period equivalent to the proportion of the total importation of such product which the French Republic supplied in a basic period prior to the imposition of any quantitative restriction on such product.

Furthermore, as concerns quotas which may be established after the date of application of this Agreement, the Government of the United States of America agrees, in case there shall be no allocation by countries, to subject the importation to the formality of licenses. In the issuance of such licenses no condition shall be imposed which would be prejudicial to the importation

⁸ For declarations regarding art. VI, see protocol of signature, p. 1008.

of products of the French Republic and such products shall be placed in all respects upon a footing of complete equality of treatment with those originating in every other foreign country.

3. In respect of each product enumerated and described in Schedule III, the Government of the French Republic will allocate to the United States of America, in addition to the quantity now granted it in accordance with the provisions of paragraph 1 of this Article, an annual supplementary quota beginning with the third quarter of 1936, the amount of which shall not be less than that specified in the said Schedule. These supplementary quotas shall be allocated by periods on the same basis as the quotas allocated under the provisions of paragraph 1 of this Article.

The supplementary quotas above provided for shall be subject to revision the first of July 1937, and the first of July of the following years during the life of this Agreement. If the Government of the French Republic should desire to reduce any of the said quotas in accordance with the foregoing provision, it shall notify the Government of the United States of America thereof in writing, and shall specify a period of not less than 30 days for discussions before the reduction of quotas may become effective. These conversations shall be designed either to reach an agreement with respect to these reductions or to determine the compensatory modifications of the terms of this Agreement which may be deemed appropriate. If at the end of the specified period a satisfactory agreement has not been reached, the French Government shall be free to make the reductions, but the present Agreement shall terminate automatically 30 days after the date on which such reductions become effective.

4. The prohibitions or quotas on importation or exportation now in effect or which may be established in the future by either of the two Governments upon products originating in or destined for the territory of the other must also be applicable to like products originating in any third country or destined for any third country. If such measures are suppressed, even temporarily, by either country as regards products originating in a third country or destined for a third country, they shall likewise be suppressed as regards such products originating in or destined for the other country.

5. If the United States of America imposes or shall hereafter impose on the importation or sale of a specified quantity or value of any product of interest to French exportation a lower duty or charge than the duty or charge imposed on importations or sales in excess of such quantity or value, there will be allotted to France a share of the total quantity or value of any such product permitted to be imported or sold at such lower duty or charge, during a specified period, equivalent to the proportion of the total importation of such product which France supplied in a basic period prior to the imposition of any quantitative regulation of the importation or sale of such product, unless it is mutually agreed to dispense with such allotment. The

basic period selected shall be such as to result in a fair and equitable allotment.

6. The foregoing provisions shall not constitute an obstacle to the suppression of quotas.

ARTICLE VII

Schedules I, II, III and IV, annexed to this Agreement, the notes included in them, and the Protocol annexed to this Agreement have force and effect by virtue of this Agreement and are integral parts thereof.

ARTICLE VIII

Natural or manufactured products of the United States of America or of the French Republic shall, after their importation into the other country, be exempt from all internal taxes, fees, charges or exactions other or higher than those payable on like products of national origin or any other foreign origin.

ARTICLE IX

In the event that the Government of either country shall establish or maintain a monopoly for the importation, production or sale of a given product, or grants exclusive privileges, formally or in effect, to one or more agencies to import, produce or sell a product, the Government of the country establishing or maintaining such monopoly, or granting such monopoly privileges, shall, in respect of the foreign purchases of such monopoly or agency accord the commerce of the other country fair and equitable treatment.

Nevertheless, in any case in which the interests of national defense shall be at issue, each of the two Governments reserves its full and entire liberty.

ARTICLE X

The Government of the United States of America and the Government of the French Republic reserve the right to withdraw or to modify the concession granted on any products under this Agreement, or to impose quantitative restrictions on the importation of any such product if, as a result of the extension of such concession to third countries, such countries obtain the major benefit of such concession and in consequence thereof an unduly large increase in importations of such product takes place. Nevertheless before the Government concerned shall avail itself of the foregoing reservation, it shall give notice in writing to the other Government of its intention to do so and shall afford such other Government an opportunity within 30 days after receipt of such notice to consult with it in respect of the proposed action. If an agreement with respect thereto is not reached within 30 days following receipt of the aforesaid notice, the Government which proposed to take such action shall be free to do so at any time thereafter and the other Government shall be free within 15 days after such action is taken to terminate this Agreement in its entirety on 30 days' written notice.

ARTICLE XI

The Government of each of the two countries will give sympathetic consideration to any representations which the Government of the other may submit to it in regard to the application of the regulations concerning the importation of goods, including sanitary laws and regulations.

If either Government makes representations to the other Government in respect of the application of any sanitary law or regulation for the protection of human, animal or plant life, and if an agreement is not reached with respect thereto, a committee of technical experts, including representatives of each of the two Governments, shall, on the request of the interested Government, be established. It will have as its purpose the examination of the controversial questions and the submission of recommendations to the two Governments.

In the event that the Government of the United States of America or of the French Republic adopts a measure which, although it does not conflict with the terms of this Agreement, should nevertheless be considered by the Government of the other country to have the effect of nullifying or materially impairing any important object of the Agreement, such other Government shall be free to propose negotiations for the modification of this Agreement. If an agreement is not reached within 30 days following receipt of such proposal, the Government making such proposal shall be free to terminate this Agreement in its entirety on 30 days' notice.

In the event that a wide variation occurs in the rate of exchange between the currencies of the United States of America and France, the Government of either country, if it considers the variation so substantial as to prejudice the industries or commerce of the country, shall be free to propose negotiations for the modification of this Agreement or to terminate this Agreement in its entirety on 30 days' written notice.

ARTICLE XII

The provisions of this Agreement relating to the treatment to be accorded by the United States of America or the French Republic to the commerce of the other country do not apply to advantages now accorded or which may hereafter be accorded to neighboring states in order to facilitate frontier traffic.

Nothing in this Agreement shall be construed to prevent the adoption of measures prohibiting or restricting the importation or exportation of gold or silver, or to hinder the adoption of such measures as either Government may see fit with respect to the control of the importation, the exportation or the sale for export of arms, ammunition or implements of war, and, in exceptional circumstances, of all other military supplies.

Subject to the requirement that no arbitrary discrimination shall be effected by either of the two countries against importations from the other and in favor

of those from any third country, the provisions of this Agreement shall not extend to prohibitions or restrictions:

- (1) relative to public security;
- (2) imposed on moral or humanitarian grounds;
- (3) designed to protect public health or the life of animals or plants;
- (4) relative to prison-made goods;
- (5) relative to measures taken for the enforcement of police or revenue laws; and
- (6) relative to measures having as their object the extension to imported products of a regime analogous to that which exists for the internal commerce of the country in the like products.

If, in exceptional or abnormal circumstances, the continued application of the provisions of this Agreement would endanger the vital interests of either country, the Government concerned may terminate this Agreement, giving written notice thereof to the other Government as far in advance as the circumstances permit. In the circumstances above envisaged, the two Governments will endeavor to reach an agreement upon the modifications to be made in this Agreement in order that the termination of the Agreement in its entirety may be avoided.

ARTICLE XIII

The Government of the United States of America and the Government of the French Republic agree that wherever the term "United States of America" or "United States" is employed in this Agreement, it shall be understood to apply to the Territory of Hawaii, the Territory of Alaska and the Island of Puerto Rico, as well as the continental territory of the United States. Wherever the term "French Republic" is employed in this Agreement, it shall be understood to apply to the French customs territory, that is to say, the continental territory of France, Algeria and the Principality of Monaco.

ARTICLE XIV

Except as otherwise provided in the second paragraph of this Article, the provisions of this Agreement relating to the treatment to be accorded by the United States of America to the commerce of the French Republic shall not apply in the Philippine Islands, the Virgin Islands, American Samoa, the Island of Guam or in the Panama Canal Zone.

The provisions of this Agreement in regard to the most-favored-nation treatment to be accorded by the United States of America shall apply in any territory under the sovereignty or authority of the United States of America to products originating in or destined for the territory of the French Republic or any territory under the sovereignty or authority of France. The provisions of this paragraph shall not apply in the Panama Canal Zone.

The advantages now accorded or which may hereafter be accorded by the United States of America, its territories or possessions, or the Panama Canal Zone to one another or to the Republic of Cuba shall be excepted from the operation of this Agreement. The provisions of this paragraph shall continue to apply in respect of any advantages now or hereafter accorded by the United States of America, its territories or possessions or the Panama Canal Zone to the Philippine Islands irrespective of any change in the political status of the Philippine Islands.

ARTICLE XV⁹

1. Natural or manufactured products originating in and coming from the United States of America or any of its territories or possessions, with the exception of those products which are enumerated and described in Section A of Schedule I, annexed to this Agreement, shall have the benefit, on their importation into the French colonies called "assimilated", namely, those having in principle the same customs system as the home country, of the minimum tariff duties, whether this tariff is the tariff of the home country or a special tariff. They shall not in any case be subject to duties, taxes or fees collected on importation, other or higher than those applied to like products of any third country.

2. Products originating in and coming from the United States of America, which are enumerated and described in Section A of Schedule I, annexed to this Agreement, shall, on their importation into the French colonies called "assimilated", enjoy the benefit of the intermediate duties in force on the day of the application of this Agreement, whether this tariff is the tariff of the home country or a special tariff. Furthermore, the said products shall automatically benefit from the minimum tariff in the event that the duties under the minimum tariff applicable to the like products of any foreign origin shall be raised to a rate equal to or higher than that of the intermediate rates in effect at the time of the application of this Agreement. This provision shall not be an obstacle to a modification of the tariff nomenclature. The foregoing provisions of this paragraph shall be applied in the assimilated colonies, to products originating in and coming from any of the territories or possessions of the United States.

3. In the colonies called "nonassimilated", that is, those having a special customs system, and in Tunisia, products originating in and coming from the United States of America or any of its territories or possessions, shall have the benefit of the lowest customs duties which are or may be granted to any third country. They shall not in any case be subject to any duties, taxes or fees collected on importation other or higher than those applied to like products of any third country.

⁹ For an understanding regarding art. XV, see protocol of signature, p. 1011.

4. It is understood, furthermore, that the most-favored-nation treatment provided for in this Agreement does not extend:

(a) to the preferential regime which is accorded or which may be accorded in the future by France, by the French colonies and by Tunisia to Morocco and the territories placed under French mandate;

(b) to the preferential regime established or which may be established in relations between France and Tunisia, France and the French colonies, and the colonies, possessions or protectorates and the countries under the mandate of France between themselves, without prejudice, however, to rights established by any other treaty or agreement.

5. With reference to preferences granted or which may be granted by France to certain States of central and eastern Europe pursuant to the recommendations of the International Conference of Stresa of September 20, 1932, the Government of the United States, without modifying its position on the question of principle involved, agrees not to invoke the most-favored-nation clause of this Agreement in respect of these preferences so long as they are not extended to other than the aforementioned countries. However, in the event that such preferences should have the effect of impairing materially the benefits obtained under this Agreement, the Government of the United States reserves the right to reopen negotiations with a view to the modification of this Agreement.

ARTICLE XVI

From the day on which the present Agreement comes into force it shall supersede the agreement on quotas of May 31, 1932,¹⁰ modified on January 21, 1935,¹¹ between the United States of America and the French Republic.

ARTICLE XVII¹²

The present Agreement shall be proclaimed by the President of the United States of America and shall be ratified by the President of the French Republic after its approval by the French Senate and the Chamber of Deputies.

The Agreement shall come definitively into force on the day on which the Government of the French Republic shall have informed the Government of the United States of America of its ratification by the President of the French Republic and the Government of the United States of America on its part shall have communicated officially to the Government of the French Republic the proclamation of the President of the United States of America.

The Agreement shall come provisionally into force on June 15, 1936.

The Agreement shall continue in force, subject to the provisions of Articles I, V, VI, X, XI and XII, until July 1, 1937. Unless at least six months before

¹⁰ *Ante*, p. 983.

¹¹ Not printed. See footnote 1, *ante*, p. 983.

¹² See also exchange of letters dated Oct. 30, 1947 (TIAS 1704), *post*, p. 1225.

July 1, 1937, the Government of either country shall have notified the other Government of its intention to terminate the Agreement on that date, it shall continue in force thereafter, subject to the provisions on Articles I, V, VI, X, XI and XII, until six months from the day on which the Government of either country shall have given notice to the other Government of its intention to terminate the Agreement.

In witness whereof the respective Plenipotentiaries have signed this Agreement and have affixed their seals hereto.

Done in duplicate, in the English and French languages, both authentic, at the city of Washington, this sixth day of May, nineteen hundred and thirty-six.

For the President of the United States of America:

CORDELL HULL [SEAL]

For the President of the French Republic:

ANDRÉ LEFEBVRE DE LA BOULAYE [SEAL]

[For schedules annexed to the agreement, see 53 Stat. 2258 or p. 26 of EAS 146.]

PROTOCOL OF SIGNATURE

At the time of signing this Agreement, the undersigned Plenipotentiaries, duly authorized by their respective Governments, have agreed to the following provisions:

(1) For the application of Article I, paragraphs 1, 5 and 6:

(a) The admission to the benefit of the minimum tariff of the products enumerated and described in Section B of Schedule I in the amounts specified in the said Section shall be subject to the condition that the shipments be accompanied by special certificates delivered by the French Minister of Merchant Marine as concerns pilchards (No. 47) and by the Office of Chemical and Pharmaceutical Products for the other articles (Nos. 028, 0114 and 0114-bis) and subject to charge against the annual quotas.

(b) The provisions of paragraphs 5 and 6 of Article I shall apply to fresh apples and pears originating in and coming from the United States and imported into the territory of the French Republic. However, the provisions of paragraph 6 of Article I do not prevent the license taxes applicable to the fruit in question at the date of signature of this Agreement from being increased by 50% from July 1 to October 31 for fresh pears, and from July 1 to November 30 for fresh apples.

(2) Referring to paragraph 5 of Article VI, the French Government declares that except for the products enumerated and described in Schedule I

all importations of products originating in and coming from the United States will enjoy the benefit of the minimum rates of the French tariff at present in force or which may hereafter be established.

(3) It is understood that application of the French minimum tariff is, in principle, dependent upon direct importation. However, the French Government agrees that the products originating in the United States or its territories or possessions may, without losing the benefit of the French minimum tariff, be shipped through a third country, provided that the products of that country are entitled to the benefit of the French minimum tariff. The French Government also agrees that products originating in any third country entitled to the benefit of the French minimum tariff and transshipped via the United States may be imported into France without losing the benefit of the minimum tariff, provided that similar products originating in the United States benefit from the minimum tariff.

(4) The French Government at the beginning of each quarter, will inform the American Embassy at Paris, at the time of publication of the global quotas or any change therein, of the share in each of these quotas which shall be allocated to the United States. The Government of the United States will take analogous measures if and when quantitative restrictions are established in the United States.

(5) The Government of each country will whenever possible, give consideration to requests which may be presented to it by the other Government with respect to the carrying over to the current quarter of unused portions of industrial quotas of the preceding quarter. The seasonal character of certain imports will be taken into account in the allocation of quotas by periods.

(6) The French Government will consider favorably, whenever possible, any requests transmitted by the Government of the United States with a view to confiding administration of certain industrial quotas allotted to the United States to qualified American organizations. The provisions of this paragraph shall not apply to provisional quotas.

(7) The Government of each of the two countries shall voluntarily facilitate, so far as lies within its province, the full utilization of the quotas at present allotted to or which may be allotted hereafter to the other country.

(8) Whenever customs statistics show that a quota allotted to the United States is exhausted, the French authorities will notify the Embassy of the United States at Paris, before suspending the importation of the goods in question. The notice informing importers of the exhaustion of a quota shall not be published until after the expiration of 10 days from the date of the notification in order to enable the Government of the United States of America to put forward, if need be, any statistical information which might justify a modification of the decision to suspend importations. Should it be recognized that the quota has in fact been exhausted, any excess imports which have taken place shall be charged against the quota for the following period.

(9) Without prejudice to any other provisions of this Agreement, it is agreed that in the event the French Government should establish a quantitative restriction on the importation of any industrial product, there will be allotted to the United States a provisional quota corresponding to the importations of such product from the United States during the previous year, in order to permit conversations between representatives of the interested industries, with the object of reaching an understanding, acceptable to the two Governments, on the definitive bases for calculating the quota to be allotted to the United States. If such an understanding is not reached, or does not receive the approval of the French Government, the latter reserves the right to determine the bases for calculating the global quota but will accord to the United States the proportional share provided for in accordance with the provisions of paragraph 1 of Article VI of this Agreement.

(10) The French Government agrees that the quota fixed for an American product not provided for in Schedule III, shall not be reduced to a figure less than 10% of the total importations of that product during the last year in which the importation of the said product was not subject to restrictions, when the importation of the American product in question during the year cited has been equal to or greater than this percentage of 10%. When it shall have been less than 10% of the total importations the quota will be fixed in accordance with the importations of the American product in the year indicated. As concerns products subjected to the quota system before January 1, 1934, the year taken into consideration will be the year 1931. The provisions of the present paragraph do not apply to the quotas relating to agricultural products and fisheries products.

(11) In conformity with the assurance which has been given to it by the Service of Industrial Exploitation of Tobacco, the French Government is enabled to guarantee that the purchases of American leaf tobacco which will be effected in the United States by that Service during the course of the 1936 season will be not less than 48,568,000 francs in value and not less than 9,300,000 kilograms in weight.

In the event that in subsequent years the Government of the United States is not given a similar guarantee, the provisions of paragraph 3 of Article XI will apply.

(12) With respect to apples and pears, the Government of the French Republic will allocate to the United States, beginning with the third quarter of 1936, in addition to the quantities now allocated to the United States in accordance with the provisions of paragraph 1 of Article VI, an annual supplementary quota of 134,355 quintals which shall be distributed seasonally as follows:

	<i>Quintals</i>
Third quarter	674
Fourth quarter	30,095
First quarter	65,297
Second quarter	38,289

Proportion of Annual Supplementary Quota

Third quarter	0.5%
Fourth quarter	22.4%
First quarter	48.6%
Second quarter	28.5%

When the conditions of French apple and pear production require, the above-mentioned supplementary quota for any quarter may be reduced by not more than 60% of the quantity above specified but the amount thus deducted shall be added to the supplementary quotas for subsequent quarters prior to the end of the following crop year, which begins October first, and shall be distributed in the same seasonal proportions as the above-mentioned supplementary quotas, unless some other distribution is mutually agreed to. Subject to agreement between the two Governments, the supplementary quota for any quarter may be increased and the supplementary quotas for subsequent quarters may be reduced by the amount of such increase.

(13) In conformity with the assurance given during the course of the negotiations the French Government is enabled to confirm that the following percentages will be accorded against the global quota for oranges originating in and coming from the United States:

3rd quarter	8.59%
4th quarter	1.65%
1st quarter	0.29%
2nd quarter	0.16%

(14) In conformity with Article XV of this Agreement, goods originating in and coming from the Philippine Islands shall benefit from all the tariff advantages provided for in the said Agreement in all French colonies and possessions. Nevertheless, upon their importation into French Indochina, molasses (item No. 92 of the Indochinese tariff) and invert syrups and sugars (item No. 93 of the Indochinese tariff), originating in and coming from the Philippine Islands, will continue to be subject to the general tariff rates.

On the other hand, upon importation into French Indochina the general tariff rates will be reduced by 50% for bottled beer and by 20% for beer in barrels (item No. 172-ter of the Indochinese tariff) originating in and coming from the Philippine Islands.

In case the minimum tariff applicable in French Indochina to beer in barrels or in bottles should be modified, the provisions of paragraph 2 of Article XV of this Agreement shall apply to such products originating in the Philippine Islands on their importation into French Indochina.

CORDELL HULL

ANDRÉ LEFEBVRE DE LA BOULAYE

RELATED NOTES

The Secretary of State to the French Ambassador

DEPARTMENT OF STATE

WASHINGTON

May 6, 1936

EXCELLENCY:

With reference to the second paragraph of Article II of the Trade Agreement signed this day on behalf of the United States of America and the French Republic, I have the honor to advise your Excellency that, pursuant to the understanding reached in the course of the negotiations of the said Agreement, I will recommend that the Congress of the United States of America be requested at its next session to take appropriate legislative action to remove the discriminatory tax provided for in Section 601 (c) (5) of the Revenue Act of 1932, with respect to coal, coke manufactured therefrom, or coal or coke briquettes originating in French Indochina or any other territory under the sovereignty of France.

Accept, Excellency, the renewed assurances of my highest consideration.

CORDELL HULL

His Excellency

ANDRÉ DE LABOULAYE,
Ambassador of France.

The Secretary of State to the French Ambassador

DEPARTMENT OF STATE

WASHINGTON

May 6, 1936

EXCELLENCY:

During the course of the negotiations which have resulted in the conclusion of the Trade Agreement signed as of today's date between the United States of America and the French Republic, it has been indicated that most-favored-nation treatment is now accorded by the United States to products originating in Tunisia, Morocco, the states of the Levant under French mandate and the African territories of Togoland and the Cameroon under French mandate.

The Government of the United States of America declares that it is in conformity with its policy to continue to accord most-favored-nation treatment to the commerce of the countries or territories referred to above so long

as they do not subject the commerce of the United States to discriminatory treatment.

Accept, Excellency, the renewed assurances of my highest consideration.

CORDELL HULL

His Excellency

ANDRÉ DE LABOULAYE,

Ambassador of France.